

# SENATE RECORD VOTE ANALYSIS

104th Congress  
2nd Session

Vote No. 298

September 24, 1996, 5:31 pm  
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## MARITIME SECURITY ACT/Limit on Extra Cost of U.S.-Shipping

**SUBJECT:** Maritime Security Act . . . H.R. 1350. Stevens motion to table the Grassley amendment No. 5393.

### ACTION: MOTION TO TABLE AGREED TO, 65-33

**SYNOPSIS:** H.R. 1350, the Maritime Security Act, will establish the Maritime Security Fleet Program as a replacement for the Operational Differential Subsidy Program, which will be phased out. The new program will provide fixed annual payments to ship owners or operators in return for their agreeing to make their ships available for hire in times of national emergency or war.

**The Grassley amendment** would define "fair and reasonable" payments to United States-flag commercial vessels for shipping Government materials to mean payments that were not more than 6-percent higher than the lowest acceptable rate offered by a foreign-flag commercial vessel. Additionally, it would require U.S.-flag vessels to offer the Government their preferred customer volume rate.

Debate was limited by unanimous consent. Following debate, Senator Grassley moved to table the Harkin amendment. Generally, those favoring the motion to table opposed the amendment; those opposing the motion to table favored the amendment.

**Those favoring** the motion to table contended:

Our colleagues' contention is that the Government's cost of using domestic shipping in peacetime is exorbitant, and that in wartime it is even higher still. We disagree. In peacetime, fair and reasonable rates are charged. If a company charges too much, then the Government is free to hire a foreign ship. It is true that American ships cost more, but that is because American ships pay their crew fair wages, and American ships must comply with extensive environmental and safety laws. The laws that apply to American shipping were adopted as a matter of public policy. Congress decided that it was worth the extra cost to protect the environment and American workers. We would be undermining that policy if we let United States agencies hire foreign ships that had lower standards, and, even worse, United States shipping would decline from a lack of customers. Following that course would effectively make the United States' policy be that the United States should not have any shippers and foreign shippers should pay slave wages, have unsafe

(See other side)

YEAS (65)			NAYS (33)		NOT VOTING (2)	
Republicans (24 or 46%)	Democrats (41 or 89%)		Republicans (28 or 54%)	Democrats (5 or 11%)	Republicans (1)	Democrats (1)
Bennett	Akaka	Inouye	Abraham	Baucus	Campbell- <sup>3</sup>	Heflin- <sup>2</sup>
Chafee	Biden	Johnston	Ashcroft	Bumpers		
Cochran	Bingaman	Kennedy	Bond	Kohl		
Cohen	Boxer	Kerrey	Brown	Pryor		
Coverdell	Bradley	Kerry	Burns	Wellstone		
D'Amato	Breaux	Lautenberg	Coats			
DeWine	Bryan	Leahy	Craig			
Domenici	Byrd	Levin	Faircloth			
Frist	Conrad	Lieberman	Frahm			
Gorton	Daschle	Mikulski	Gramm			
Hatch	Dodd	Moseley-Braun	Grams			
Hatfield	Dorgan	Moynihan	Grassley			
Hutchison	Exon	Murray	Gregg			
Jeffords	Feingold	Nunn	Helms			
Lott	Feinstein	Pell	Inhofe			
Mack	Ford	Reid	Kassebaum			
Murkowski	Glenn	Robb	Kempthorne			
Santorum	Graham	Rockefeller	Kyl			
Shelby	Harkin	Sarbanes	Lugar			
Snowe	Hollings	Simon	McCain			
Specter		Wyden	McConnell			
Stevens			Nickles			
Thurmond			Pressler			
Warner			Roth			
			Simpson			
			Smith			
			Thomas			
			Thompson			

#### EXPLANATION OF ABSENCE:

- 1—Official Business
- 2—Necessarily Absent
- 3—Illness
- 4—Other

#### SYMBOLS:

- AY—Announced Yea
- AN—Announced Nay
- PY—Paired Yea
- PN—Paired Nay

working conditions, and should pollute the environment.

Our colleagues are impressed by the fact that in some instances it cost several times as much to hire an American ship as a foreign ship. A few other facts impress us more. First, the cost of this program is less than the amount of tax revenue it generates. The Federal, State, and local taxes on merchant seaman are greater than the increased cost that comes from hiring U.S.-flag vessels. Second, during the Persian Gulf War, the average price charged by U.S. vessels, per ton, was less than the price charged by foreign vessels. Third, during the Persian Gulf War, many foreign ships refused to carry material into the war zone. No U.S. ship refused. We need a merchant marine fleet so that it will be available if need be in times of war, and giving cargo preferences helps keep this fleet in existence. The Grassley amendment should therefore be tabled.

**Those opposing** the motion to table contended:

The United States ships its goods on U.S.-flag commercial ships even when the prices they charge are higher than the prices charged by foreign-flag commercial ships as long as the American prices are "fair and reasonable." "Fair and reasonable" is not defined by law. Instead, the Maritime Administration is charged with deciding what is fair and reasonable. This arrangement has been disastrous for the American taxpayers, because the Maritime Administration has only been concerned with catering to the wishes of the shipping industry and the merchant marine union. Most merchant mariners do not receive any support--according to the General Accounting Office, cargo preference policies benefit only 6,000 of the 21,000 merchant seamen in the country. According to the Office of Management and Budget, cargo preference laws will cost Federal Government agencies an additional \$600 million in fiscal year 1996. That comes to \$100,000 per sailor. The Maritime Administration has regularly ruled that American-flag ships have had fair and reasonable rates even when those rates have been 100 percent, 200 percent, 300 percent, and even 400 percent higher than foreign-flag ships' rates. According to U.S. News and World Report, in one case in the Persian Gulf War a U.S.-flag ship was hired for \$70,000 when a foreign-flag ship was available for \$6,000. During that war, foreign-flag vessels charged one-third to one-half less than did American-flag vessels. The average cost of foreign-flag charters, according to the Navy, was only 60 percent of the average cost of U.S.-flag charters. The United States Government transported 80 percent of the goods during that war, foreign vessels transported 12 percent, and U.S.-flag commercial ships carried only 8 percent.

The solution offered by the Grassley amendment to this outrageous waste of the taxpayers' money is to limit the preference for hiring American-flag ships to 6 percent. In other words, an agency would be free to hire a foreign-flag vessel if an American vessel would cost more than 6 percent more. The 6-percent figure was not selected arbitrarily--"Buy America" requirements use that same threshold. We see no reason why American shippers should be given a benefit that is enormous compared to the benefit that is given to all other American companies. The American taxpayers deserve this relief; we urge our colleagues to vote for the taxpayers by voting for this amendment.